

Solidarity Beyond the Headlines – Social Economies in Central and Eastern Europe

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While the wider audience focuses on the spectacular expressions of discontent in Romania and Hungary in recent years, there is a deeper process of solidarity economy that constitutes the broader field of socio-economic struggle 30 years after the regime change.

Green European Journal: While the media regularly reports on demonstrations in Romania and Hungary, there is much less talk about what has been done by the people of these countries to improve their living conditions and to democratise the economy. Why?

Agnes Gagyí: Indeed, in the last few years, international media reports about these countries have focused on political demonstrations – against Viktor Orbán’s anti-democratic measures in Hungary, and on anti-corruption demonstrations in Romania. One might find this rather odd, given the fact that after 2008, economic grievances have become a major topic of social movements across the globe. And that has also shaped social movement research, where the idea that economic structure defines movement formation was in turn rehabilitated.

So, now we might want to ask ourselves what happened in Eastern Europe. Weren’t people disturbed by post-crisis austerity measures? One way of explaining why reports about post-2008 mobilisations in Hungary and Romania focused on political issues is to look at how economic effects of the crisis appeared in the political sphere, and how strongly political actors were positioned vis-a-vis demonstrators. In Hungary, an economic crisis following from the exhaustion of foreign direct investment (FDI) inflows and a credit-based growth path that followed it was already looming in 2006. At that point, the programme for post-socialist growth based on liberalisation and Western capital, represented by the Socialist-Liberal coalition, was delegitimated in the eyes of most of the population.

In autumn 2006, a political scandal was added to this: a speech by Socialist prime minister Ferenc Gyurcsány was leaked, according to which his party has been lying to the people about the state budget. Violent street demonstrations followed, forcefully repressed by the police. The use of police violence against indignant citizens became a major reference for the political delegitimation of the Socialist-Liberal program. In 2010, the supermajority won by conservative party Fidesz at the parliamentary elections was based largely on that. In its campaign, Fidesz promised to protect national wealth from Western capital. What it did, in fact, was to centralise administrative power, and to use this power to broaden the manoeuvring space for a state-based development of national capital. From 2010 onwards, street demonstrations against Fidesz’ policies happened regularly. In terms of organisation and media coverage, these were dominated by the grievances and agenda of middle-class constituencies, focusing on topics like free media, changes to the constitution, or higher education. Anti-austerity claims, such as those against cuts to higher education budgets, came to be voiced as a critique against Fidesz’ new nationalist agenda, and not as anti-austerity claims per se.

Haven’t there been mobilisations around social issues, too?

A significant stream within new demonstrations was the mobilisation of professions and unions brought under new pressures and new control mechanisms by the regime: unions of police, firefighters, nurses and school teachers. Activist groups stepped up against the criminalisation of homelessness and the housing mortgage crisis. While new left fragments of new mobilisations tried to build coalitions with these mobilisations, within media reports these

types of struggles have been underemphasised. These days, for example, as the government phases out subsidies on home savings deposits, and the same week police start rounding up homeless people for sleeping rough, international coverage of this kind of news is overshadowed by the news of Central European University being forced to move to Vienna.

And what about Romania?

In Romania, in the first years, post-2008 demonstrations focused on economic issues: healthcare cuts and economic enclosures (like in the case of the Rosia Montana gold mine or Chevron's shale gas project). Later, the urban middle class constituency that dominated the organisation and media voice of demonstrations shifted away from social consequences of austerity measures, and came to focus on the political corruption of the Socialist party. Unlike in Hungary, where Socialists carried out the neoliberal reforms after the regime change, in Romania, Socialists maintained a protectionist agenda, trying to build a state-based national oligarchy in the 1990s. By the mid-2000s, the severe need for capital, as well as NATO and EU accession, broke their hegemony.

Since then, a struggle between the infrastructural and political power of Socialists, and the growing influence of a liberal power bloc, supported by international institutions, defines the political landscape. In this struggle, the socialists' oligarchic structure is mirrored by liberals' extremely technocratic power, relying on the support of international organisations and an anti-corruption agency which takes down politicians on a discretionary basis. Since 2013, liberals managed to bring demonstrators to their side of the struggle, directing their anger against the political corruption of the Socialists. In this agenda, economic effects of neoliberal reforms are obscured, while the Socialists' corruption is associated with poor and uneducated voters, giving the anti-corruption struggle a flavour of anti-poor sentiment. Again, international coverage emphasises anti-corruption claims, and asks few questions about economic or class relations behind the protests.

If news coverage left the issue of democratising the economy unattended, were there other actors documenting it?

Social researchers have done good work on describing what has been done by the people of these countries on the ground to improve their living conditions and democratise the economy. These efforts were part of the social struggles of the regime change. In the case of Romania, Mihai Varga shows how new autonomous unions played a decisive part in slowing down privatisations during the 1990s. He documents how that strength has been broken in the early 2000s, often through days of violent struggles with the police.

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In line with a colonial rhetoric that pictures its subjects as being stuck in an eternal childhood, post-2008 street demonstrations are often portrayed as some kind of awakening of Romanian civil society that fell asleep after the 1989 revolution. Varga notes that the real specificity of these demonstrations is that for the first time after the regime change, such mass protests are not organised by the unions. In Hungary, struggles around workers' property during privatisation, as well as new democratic parties' efforts to curb union power, have been documented by authors such as Erzsébet Szalai or László Thoma. One new economic issue that is at the core of various forms of mobilisation is that of housing – like the forex mortgage crisis following 2008, and the criminalisation of homelessness.[1]

What about the broader social background of economic struggles?

Alike other semi-peripheral regions, the modern development of Central Europe has been characterised by an integration into capitalist modes of production and commerce where a large part of the costs of labour reproduction

have been outsourced to households. This means that households have been constantly obliged to find additional ways of income apart from formal labour in order to be able to sustain themselves. What researchers have called the ‘semi-proletarian household’ remained a main source of capital accumulation in (and from) the region. In periods of industrialisation, agrarian self-provision and the rural family ‘hinterland’ of newly urbanised labour have served as a bottom-up subsidy from households to industrial development. During the transition crisis of the 1990s, households pooling housing and income together and organising alternative streams of income through informal means served as the most important buffer for the social effects of the crisis.

The trickling-down of urban poverty to the countryside (or what in the case of Romania has been described as a massive shift towards ‘re-peasantisation’) was one of the ways this buffer worked in the 1990s. The credit-based consumption boom in the 2000s, and the massive mortgage crisis it induced after 2008, can be seen as a new wave of extraction where households pool resources to pay rent to finance capital. Under conditions where the market does not provide the full costs of social reproduction, people’s actions that make reproduction possible also constitute a space for economic struggle. Considering the massive amount of labour, creativity, and resistance that goes into this kind of economic struggle, I would say that it is a major scene of social struggles in the region. How we perceive it in terms of formal political frameworks is another question.

This question is part of the broader problem of a global epistemic hierarchy in how we conceptualise social organisation: with Western models at the top, and the rest of the world described in terms of various deficiencies in face of that model. If we try to think of social organisation as globally interconnected, the understanding of these systemic global relations requires us to think of ‘formal’ relations as we know them from Western institutional models together with institutions such as the ‘semi-proletarian household’: the latter might be ‘informal’ in terms of present definitions of economic institutions, yet it is just as essential for systemic processes.

In what forms can a social economy ecosystem emerge in these countries?

Activism around the commons and solidarity economy – that is, the economic side of the re-democratisation struggles sparked by the crisis – seems to become today a new paradigm for emancipatory politics. While both have their histories in specific areas connected to ecology or global development, the way they are turning into a political paradigm for post-crisis emancipative politics is connected to the institutionalisation of anti-austerity pro-democracy movements in North America and Western and Southern Europe, as symbolised by the democratic socialist and new economy movement in the US, and by Labour’s economic program in the UK. I think much of the technical knowledge and a large part of the infrastructures built by Western movements can be used in the region. Also, if we think of the solidarity economy as a systemic alternative, it is more than necessary to build practical collaborations between initiatives in various regions.

However, the way this paradigm is crystallised today is very much rooted in the social and political contexts of these regions, which differ in several ways from that of Eastern Europe. One main difference is that while societies of former welfare democracies experience the need to engage in economic relations of mutual help as something new, for regions like Eastern Europe this has been a constant reality (and requirement) of their capitalist integration. In this reality, solidarity solutions are a necessity of everyday life, in a position where they substitute for the amount of formal income that would make reproduction possible under the conditions of capital extraction. In short, the solidarity economy here appears as a form of poverty, and instead of a new paradigm for a utopian future, people often see these practices as something they would like to get rid of. This negative aspect is linked to the fact that solidarity solutions are embedded in the value chains of extraction – much of households’ ingenuity to complement their formal incomes acts as a subsidy to capital extraction, and less as a source of social well-being.

Also, the Western narrative around the political potential of solidarity economy is bound to a concept of state sovereignty and a welfare state that is based in the Western hegemony of the post-WWII world order. When such

capacities of the state are projected in the future, what remains obscured is the fact that during the post-WWII hegemony, it was only states of the Western core that could maintain democratic welfare, at the top of the global accumulation hierarchy, while other states' capacities for democracy, sovereignty and welfare were strongly curbed by their economically subordinated positions. When current projects for solidarity economy politics aim to bring back some of that capacity to former countries of the Western core, we might wonder how that could be possible under the conditions of a dismantling Western hegemony. Coming back to Eastern Europe, here any emancipation project faces a situation where state sovereignty is strongly limited by relations of economic dependence. Programmes regarding the relationship between the solidarity economy and the state need to address that problematic.

Are there political or institutional players who can help foster these projects?

In the case of Hungary, the mechanisms of state-based national capital development create an oligarchic structure that is in constant need of appropriation. While in competitive sectors producing for export, the regime supports FDI, in non-tradeable markets it conducts a strong centralisation of ownership in the hands of the national oligarchy. Pockets of resources such as private pension funds or the national network of cooperative savings banks are expropriated to that end. Social cooperatives, a legal form linked to various subsidies, established in line with EU practice, have been recently transformed in a way that provides direct government control over their management.

A move towards economic democracy requires a shift of control towards communities.

In 2017, so-called 'pensioners' workers' cooperatives' were established, to make it possible for pensioners to complement their incomes working for a cheaper wage; however, this was less of an empowerment for these people, but rather as a form of cheap employment benefiting oligarchs interested in labour leasing. This kind of environment cannot be called beneficial for solidarity economy projects. However, the crisis of social reproduction the country is facing today, in terms of severe labour shortage, a looming demographic crisis, and the dire state of the social service infrastructure, necessarily generates practices of solidarity economy.

In Romania, NGOs and other initiatives working on the solidarity economy project enjoy more freedom. In 2019, the 7th international conference of CIRIEC (International Center of Research and Information on the Public, Social and Cooperative Economy) will be held in Romania. While in Romania, too, the socio-economic weight of solidarity economy practices is not met by a similarly large number of institutional actors or public voices, the relevance of this topic to broader social practices can make solidarity economy politics a prolific form of organisation.

What role can progressive political forces play in fostering a solidarity economy in the region? How can solidarity economy ecosystems influence their politics?

In terms of the potential for a solidarity ecosystem that serves social and ecological aims instead of capital extraction, in the region the challenge seems to lie not so much in creating new examples and models for solidarity interactions, but in reorganising the relationship between the existing widespread social practices of solidarity and the institutions of value extraction within which they are presently embedded. In other words – the question is how this existing practice can be protected from extraction, and how the wealth that it produces can be channelled into circuits of generative relations.

Regarding progressive political forces locally, engagement with this challenge likely requires a broad process of collaboration, coalition-making and institutional innovation, none of which can be carried out by one political actor on its own. Entering such alliances is definitely one of the things a progressive actor might want to do. However, if

present progressive political forces are to engage in political projects regarding the solidarity economy, they would find themselves in a situation in which people whose livelihoods are not related to the issue propose something to people whose families depend on it. It is a situation where different players enter with different levels of risk and with different stakes. This problem would need to be addressed through serious measures in order to maintain an emancipative character for such an engagement. In the history of progressive political interventions into informal structures of subsistence globally, results have been often criticised for merely using informal resources to stabilise hierarchies of capital accumulation, while maintaining government control over their organisation. A move towards economic democracy requires a shift of control towards communities.

If you ask what progressive political forces in Europe could do to foster the solidarity economy in the region, one probably obvious activity to mention is to build supporting relationships with local initiatives that work for such aims. Another way would be to look into how the existing solidarity economy infrastructures in Europe and beyond could be connected to those in the region. Collaborations on the EU policy level can be a further option. Just like in the case of local political initiatives, the problem of the distance between social positions arises in this case too. Supporting the autonomy of local initiatives is a principle that is often mentioned in this regard – I would also add that it would be essential to integrate perspectives from the region into the discussions where European paradigms about the politics of social economy are shaped.

[1] About a third of Hungarian households have mortgages which were taken out in foreign currencies, mostly Swiss francs, prior to the global economic crisis. The following surge of the Swiss franc has left many Hungarian families with debts they were unable to repay. In October 2018, a new law banning rough sleeping came into effect in Hungary. Homeless people who are unwilling to go to a shelter might end up in prison, while their possessions can be destroyed by the authorities.



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